

SENATE BILL No. 357

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1-12.

Synopsis: Life insurer responsibilities. Specifies certain notice requirements and restrictions for life insurers with respect to viatical settlement contracts.

Effective: July 1, 2009.

Nugent

January 8, 2009, read first time and referred to Committee on Insurance and Financial Institutions.

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First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

SENATE BILL No. 357

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-1-12-45 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2009]: **Sec. 45. (a) The definitions in IC 27-8-19.8 apply**
4 **throughout this section.**

5 **(b) An insurance company that issues a life insurance policy**
6 **under which the insured is at least sixty (60) years of age or is**
7 **terminally or chronically ill shall send written notice to the:**

8 **(1) policy owner if the insured is covered under an individual**
9 **life insurance policy; or**

10 **(2) certificate holder if the insured is covered under a group**
11 **life insurance policy;**

12 **that a viatical settlement contract is available to the policy owner**
13 **or certificate holder as an alternative transaction in the**
14 **circumstances described in subsection (c).**

15 **(c) The notice required by subsection (b) must describe the**
16 **following circumstances in which the viatical settlement contract**
17 **is available as an alternative transaction:**



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- (1) When a life insurance company receives from a:
 - (A) policy owner a request to:
 - (i) surrender, in whole or in part;
 - (ii) receive an accelerated death benefit under; or
 - (iii) collaterally assign;
 - an individual life insurance policy; or
 - (B) certificate holder a request to:
 - (i) surrender, in whole or in part;
 - (ii) receive an accelerated death benefit under; or
 - (iii) collaterally assign;
 - a certificate under a group life insurance policy.
 - (2) When a life insurance company sends to a:
 - (A) policy owner a notice of lapse of an individual life insurance policy; or
 - (B) certificate holder a notice of lapse of a certificate under a group life insurance policy.
 - (3) Another circumstance determined by the commissioner by rule.
- SECTION 2. IC 27-1-12-46 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 46. (a) The definitions in IC 27-8-19.8 apply throughout this section.
- (b) An insurer that issues a life insurance policy shall not do any of the following:
- (1) Prohibit, restrict, limit, or impair an insurance producer's ability to:
 - (A) lawfully negotiate a viatical settlement contract on behalf of a viator;
 - (B) assist a viator or prospective viator with a viatical settlement contract; or
 - (C) otherwise participate in a viatical settlement under IC 27-8-19.8.
 - (2) Engage in or permit discrimination between individuals of the same class, same policy amount, and equal life expectancy in the rates charged for a life insurance policy or annuity contract based on an individual's having entered into a viatical settlement contract or being insured under a viaticated policy.
 - (3) Make a false or misleading statement:
 - (A) concerning the business of viatical settlements;
 - (B) concerning financing of premiums due for a life insurance policy; or

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- 1 (C) for the purpose of inducing or tending to induce a
2 policy owner, certificate holder, or insured not to enter
3 into a viatical settlement contract.
4 (4) Engage in a transaction, act, practice, or course of
5 business or dealing that restricts, limits, or impairs:
6 (A) the lawful transfer of ownership of;
7 (B) a change of beneficiary under; or
8 (C) an assignment of;
9 a life insurance policy.

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